

FEB 4 2002
WAYS AND MEANS

HOUSE FILE 2200
BY GRUNDBERG

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the earned income credit under the individual
2 income tax and including a retroactive applicability date
3 provision.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

5

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

HF 2200

1 Section 1. Section 422.12B, subsection 1, Code 2001, is
2 amended to read as follows:

3 1. The taxes imposed under this division less the credits
4 allowed under section 422.12 shall be reduced by an earned
5 income credit equal to ~~six-and-one-half~~ twenty percent of the
6 federal earned income credit provided in section 32 of the
7 Internal Revenue Code. Any credit in excess of the tax
8 liability ~~is nonrefundable~~ shall be refunded. In lieu of
9 claiming a refund, a taxpayer may elect to have the
10 overpayment shown on the taxpayer's final, completed return
11 credited to the tax liability for the following taxable year.

12 Sec. 2. APPLICABILITY DATE. This Act applies
13 retroactively to January 1, 2002, for tax years beginning on
14 or after that date.

15 EXPLANATION

16 This bill increases from 6.5 percent to 20 percent of the
17 federal earned income credit the amount of earned income
18 credit for state individual income tax purposes. The bill
19 also makes the credit refundable, which under present law is
20 nonrefundable.

21 The bill applies retroactively to January 1, 2002, for tax
22 years beginning on or after that date.

23
24
25
26
27
28
29
30
31
32
33
34
35